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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

CONFIDENTIAL

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SUBJECT Conditions in North China

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THIS IS UNEVALUATED INFORMATION

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1. The people of North China, after six months of Communist rule, are beginning to realize its implications in terms of daily living. Their general reaction is that they have only their daily necessities, they have less money than before, and their land is now the property of the government.

2. Salaries and wages are calculated in terms of both money and commodities, the amount and kind of each depending upon the occupation of the individual. The population is divided into three basic categories, with separate types of wages:

   a. Public servants are paid in terms of kaoliang, the amount varing from 200 to 700 catties a month, calculated on the basis of the market price of kaoliang (usually about ~~$1.00~~ US $1.00 for 100 catties). The monthly salary is generally just sufficient to support a family of three on an austerity level, but each person receives in addition a daily "need ration" (amount and type not stated). Since commodity prices are fairly low, thrifty families can manage.

   b. Laborers are paid on a system of points (fen tien 分点), including cloth, coal, rice, salt, and other commodities. These items are calculated according to the market price, and the worker may receive either the goods or the equivalent money. Wages vary from 80 to 300 points a month. Technicians, engineers, physicians, and other skilled personnel, of whom there is a great shortage, receive extra allowances of both points and foods.

   c. Merchants are given comparative freedon of action, but they must compete with the trade bureaus and cooperatives established by the Communist regime. Not only must they pay very high duties, but they are also compelled to buy government bonds. Private enterprise is discouraged.

3. Public order is maintained by the police force, which has the right of search without warrant. No unemployed person is allowed to remain in the area, and section chiefs make daily rounds and report unregistered personnel to the police. In addition, each individual must participate daily in training or discussion groups. Because of these close and constant checks, there is little crime and few persons are tempted to violate regulations.

This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 16 October 1978 from the Director of Central Intelligence to the Archivist of the United States.
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4. Few troops remain in North China, and most of these are students.

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5. The Communist government is devoting much attention to teaching Communist principles to the masses. Indoctrination centers* have been established at Chiamussu (130-21, 46-49), Yenchi Hsien (129-31, 42-55), and Mutanchiang (129-37, 44-35) where Chinese from various areas may receive training for

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